

U.N. Sustainable Development Goals (SDGs) - Corporate Use Toward ESG and Sustainability Growth

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Powering a sustainable energy future



Why is Sustainability Now Business Critical?

- ❑ Resource constraints have intensified
- ❑ Supply chain disruptions have exploded
- ❑ Climate-related risk has increased
- ❑ Worker mobility has escalated
- ❑ Pressure to achieve net-zero coming from shareholders, investors, insurers, and consumers
- ❑ Energy price volatility and grid reliability causes market instability
- ❑ Carbon taxes and limits
- ❑ What changes are happening in your world?



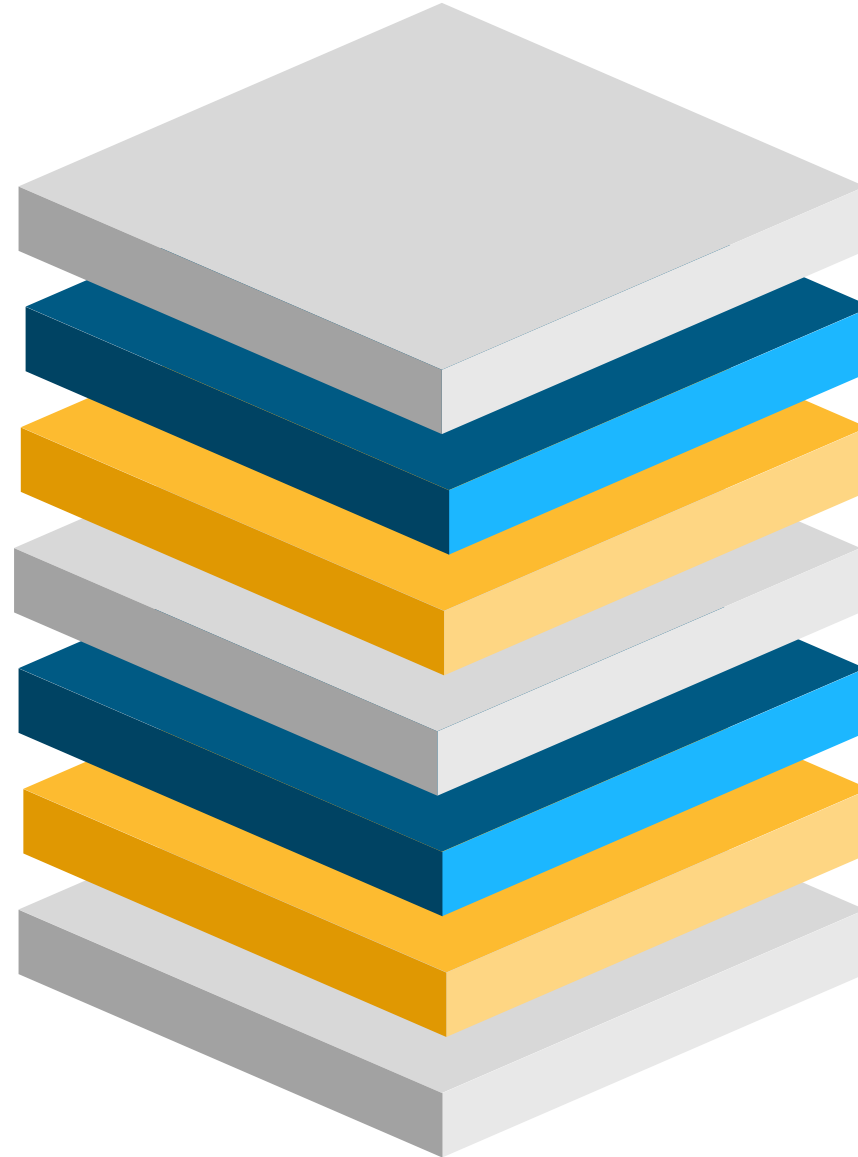
Market Pressures - Stakeholders

INVESTORS & FINANCIERS

GOVERNMENTS

EMPLOYEES

NON-GOVERNMENTAL
ORGANIZATIONS (NGOs)



INSURERS

CUSTOMERS

COMMUNITIES

Organizations to Know

❑ Raters

- MSCI, Bloomberg, CDP, Climate 100+, EcoVadis, Sustainalytics

❑ Standard Setters

- GRI, SASB, ISO, GHG Protocol

❑ Frameworks

- ISSB (SASB & TCFD), GRI, SBTi, United Nations SDG

❑ Financial

- ISS, MSCI



SASB Materiality Topics



Environmental

- GHG emissions
- Air quality
- Energy management
- Water and wastewater management
- Waste and hazardous materials management
- Ecological Impacts

Social Capital

- Human Rights & Community Relations
- Customer Privacy
- Data Security
- Access & Affordability
- Product Quality & Safety
- Customer Welfare
- Selling Practices & Pro

Leadership & Governance

- Business Ethics
- Competitive Behavior
- Management of the Legal & Regulatory Environment
- Critical Incident Risk Management
- Systemic Risk Management

Human Capital

- Labor Practices
- Employee Health & Safety
- Employee Engagement, Diversity & Inclusion

Business Model & Innovation

- Product Design & Lifecycle Management
- Business Model Resilience
- Supply Chain Management
- Materials Sourcing & Efficiency
- Physical Impacts of Climate Change

GRI Materiality Topics



Environmental

- Raw Materials
- Energy
- Water and Effluents
- Biodiversity
- Air Emissions
- Waste
- Supplier Environmental Assessment

Social

- Employment
- Labor/Management Relations
- Occupational Health and Safety
- Training and Education
- Diversity and Equal Opportunity
- Non-discrimination
- Collective Bargaining
- Child Labor
- Forced or Compulsory Labor
- Security Practices
- Rights of Indigenous Peoples
- Local Communities
- Supplier Social Assessment
- Public Policy
- Customer Health and Safety
- Marketing and Labeling
- Customer Privacy

Governance

- Management of Material Topics
- Economic Performance
- Market Presence
- Indirect Economic Impacts
- Local Procurement Practices
- Anti-corruption
- Anti-competitive Behavior
- Tax



MSCI Materiality Issues



Environmental

- Carbon Emissions
- Toxic Emissions and Waste
- Raw Material Sourcing
- Product Carbon Footprint
- Climate Change Vulnerability
- Water Stress
- Biodiversity and Land Use
- Financing Environmental Impact
- Packaging and Material Waste
- Opportunities (Green building, renewable energy, clean tech)

Social

- Labor Management
- Chemical Safety
- Health and Safety
- Human Capital Development
- Supply Chain Labor Standards
- Product Safety and Quality
- Consumer Financial Protection

Governance

- Ownership & Control
- Board
- Pay
- Accounting
- Business Ethics
- Tax Transparency

Taxonomy Proposals for EU CSRD

Environmental

- Climate change mitigation
- Climate change adaptation
- Sustain and protect water / marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection & restoration of ecosystems and biodiversity

Social

- Aligned with EU Reference Frameworks (UNGP on Business and Human Rights, Charter of Fundamental Rights of the EU, and OECD Guidelines)
- Covering social matters listed in EU and international references, combining management perspective with Human Rights, regulatory compliance and intangibles perspectives;
- Organize and adjust social matters to represent specific impacts on each category of stakeholders;
- Consistent with EU social objectives and priorities;
- Distinguishes between workforce and other affected stakeholders.

Governance

- Governance
- Business ethics
- Management of the quality of relationships
- Organization
- Innovation, products and services, reputation and brand

CDP Reporting



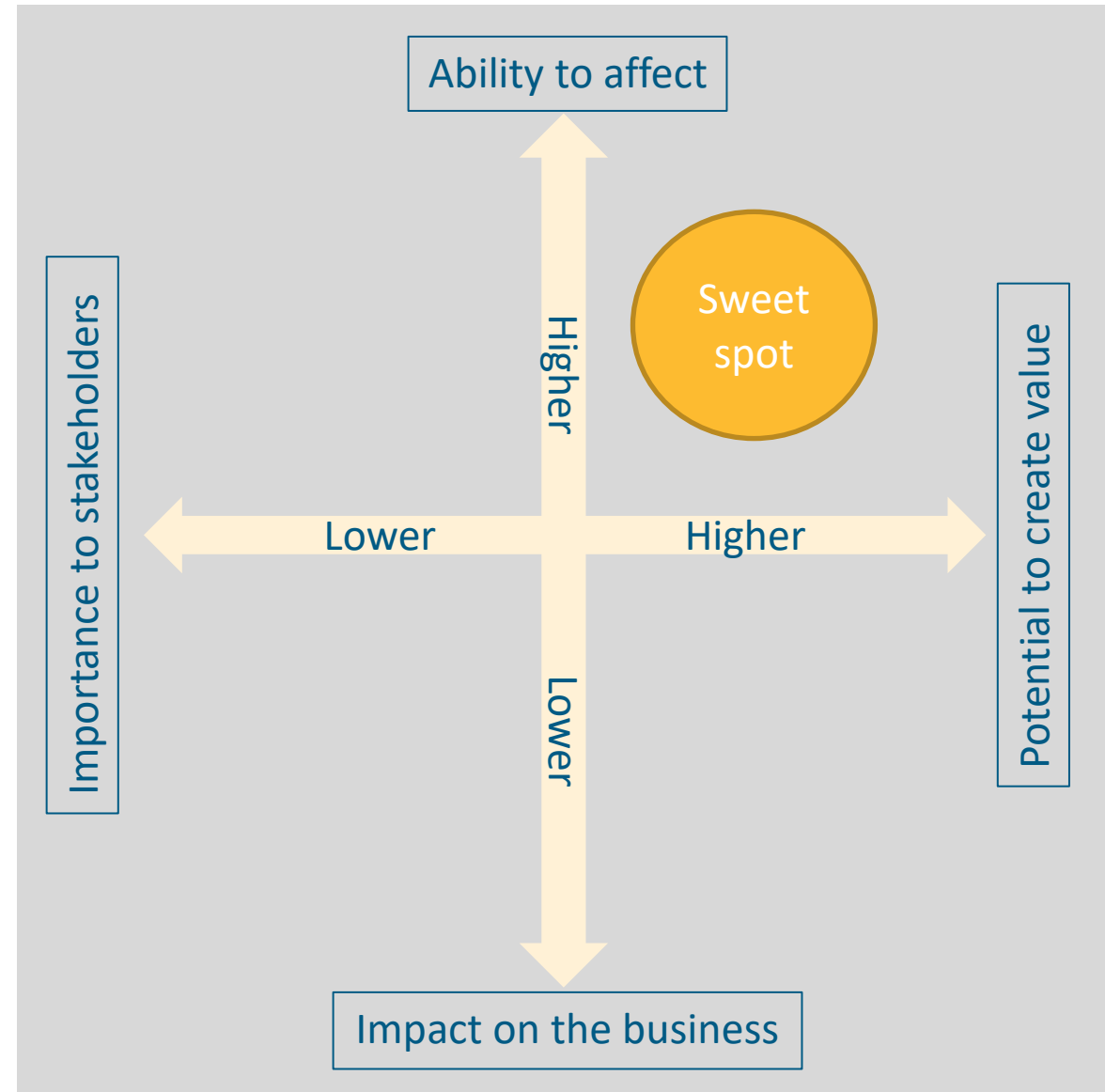
- ❑ CDP is a global disclosure system for investors, companies, and cities to manage their environmental impacts.
- ❑ Questionnaires for Climate Change, Water Risk and Forests
- ❑ May be requested by investors or customers, or submitted voluntarily.
- ❑ This requires companies to fill out an industry questionnaire by the last Wednesday in July
- ❑ Graded rating after submitting questionnaire. Please note...

“Not all companies requested to respond to CDP do so. Companies who are requested to disclose their data and fail to do so, or fail to provide sufficient information to CDP to be evaluated will receive an F. An F does not indicate a failure in environmental stewardship.”

Materiality Matrix

What is Material to your Organization?

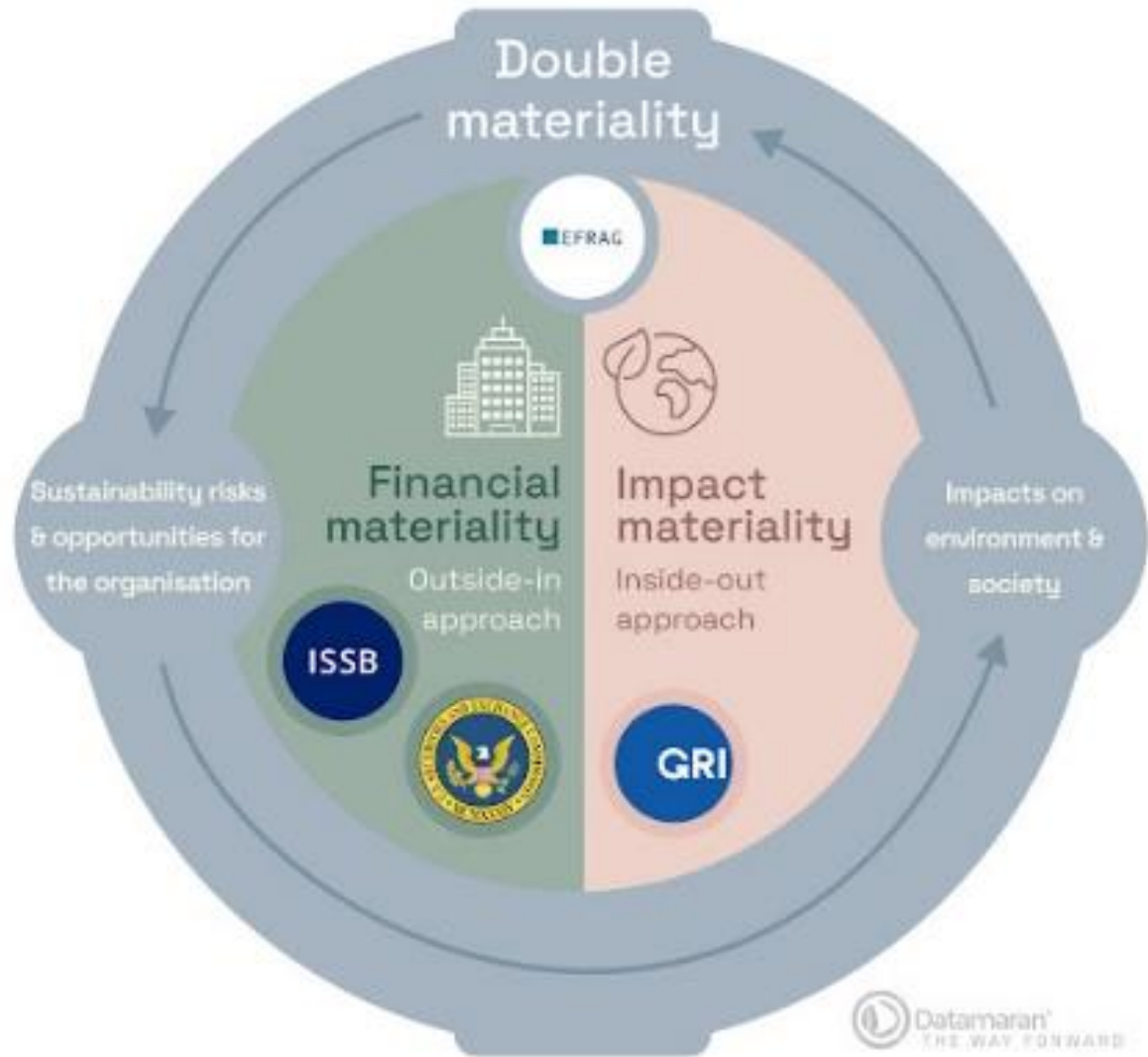
- ❑ What metrics represent significant risk or opportunity for the business?
- ❑ What actions or outcomes affect key stakeholders?
- ❑ What are your investors interested in?
- ❑ Where can you create meaningful impacts?
- ❑ What metrics represent risk to the business?
- ❑ Where can you innovate to create a competitive advantage?



Double Materiality

Financial Materiality: An ESG issue is material if it does, or has the potential to, impact cash flow and value creation for a company. This might be considered an “**outside-in**” perspective on the company’s operations.

Impact Materiality: This includes the non-financial impacts of a company's operations on society, the environment, and stakeholders. This “**inside-out**” perspective says that an ESG issue is material based on the impact of a company and its value chain operations on the outside world.



<https://www.datamaran.com/materiality-definition>

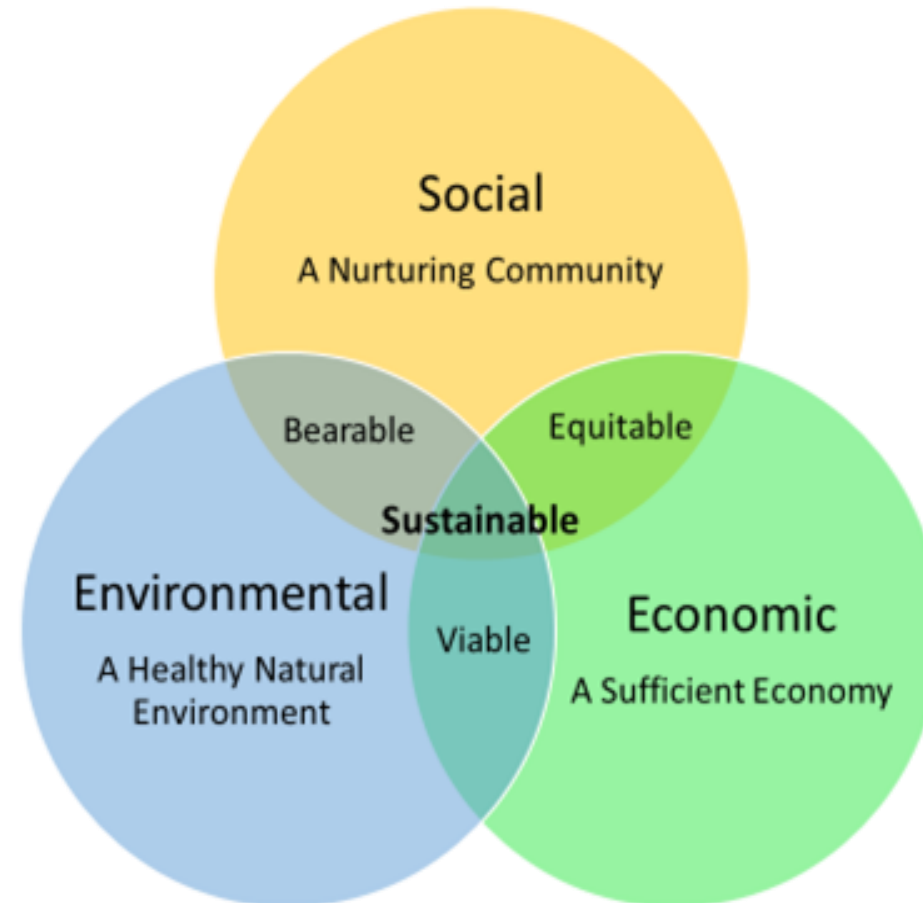


The Sustainable Development Goals (SDGs)

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Sustainable Development

- Involves balanced decision-making that is good for people, the economic well-being of the community and the environment, or
- “people, prosperity, and planet – the triple bottom line.”



“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”
- Brundtland Commission, 1987

SUSTAINABLE DEVELOPMENT GOALS



17 Goals and 169 Targets with 232 Indicators



Target	Indicators
15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.	15.1.1 Forest area as a proportion of total land area. 15.1.2 Proportion of important sites for terrestrial and freshwater biodiversity that are covered by protected areas, by ecosystem type.
15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.	15.2.1 Progress towards sustainable forest management.
15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world.	15.3.1 Proportion of land that is degraded over total land area.
15.4 By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development.	15.4.1 Coverage by protected areas of important sites for mountain biodiversity. 15.4.2 Mountain Green Cover Index.
15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.	15.5.1 Red List Index.
15.6 Promote fair and equitable sharing of the benefits arising from the utilization of genetic resources and promote appropriate access to such resources, as internationally agreed.	15.6.1 Number of countries that have adopted legislative, administrative and policy frameworks to ensure fair and equitable sharing of benefits.



The SDG Investment Case

Fiduciary Duty

The SDGs are an articulation of the world's most pressing sustainability issues and as such act as the globally agreed sustainability framework. The SDGs can support investors in understanding the sustainability trends relevant to investment activity and their fiduciary duties.

	Risks	Opportunities
Macro	By the nature of their investments, asset owners that choose to hold a diversified portfolio, investing in a wide range of asset classes and geographies, will be exposed to the global challenges that the SDGs represent. Failure to achieve the SDGs will impact all countries and sectors to some degree and as such create macro financial risks.	Achieving the SDGs will be a driver of global economic growth, which any long-term investor will acknowledge as a structural source of financial return.
Micro	The challenges put forward by the SDGs reflect that there are very specific regulatory, ethical and operational risks which can be financially material across industries, companies, regions and countries.	Companies globally moving toward more sustainable business practices, products and services provide new investment opportunities.









SDGs and ROI







- ❑ The SDGs are drivers of economic growth to large macro investors, which trickles down to SMEs
- ❑ Universal owners = large institutional investors; sustainable economics are sustainable markets
- ❑ New investment opportunities in innovation; sustainable ag and forestry, green real estate, renewable energy, low carbon infrastructure, among other opportunities
- ❑ The SDGs clearly articulate sustainable investment decisions to clients/shareholders



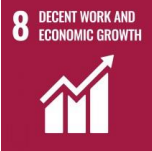





Economic Opportunities in Numbers

Food and agriculture	Energy and materials
 <p>Food waste in the value chain (US\$155 billion to US\$405 billion a year) - Today 20%-30% of food is wasted, most of it in post-harvest losses that are easy to prevent.</p>	 <p>Circular models in the automotive sector (US\$475 billion to US\$810 billion) - More efficient remanufacturing, replacement of weakest link components and refurbishment present opportunities not realized by scrapping cars.</p>
 <p>Forest ecosystem services (US\$140 billion to US\$365 billion a year) - Deforestation and forest degradation account for 17% of global emissions (more than transport). Major opportunities for business in sustainable forest services, such as climate change mitigation, watershed services and biodiversity conservation.</p>	 <p>Expansion of renewable energy (US\$165 billion to US\$605 billion) -IRENA forecasts that renewables' share of energy generation worldwide could increase to 45% by 2030 (from 23% in 2014) presenting opportunities for renewable energy generators and equipment manufacturers.</p>
 <p>Low-income food markets (US\$155 billion to US\$265 billion) -Undernutrition and malnutrition are widespread in the world's poorest populations. Business can address the challenge by investing in supply chains and food innovation to give those on very low incomes access to more nutritious food.</p>	 <p>Circular models for appliances and machinery (US\$305 billion to US\$525 billion) - Domestic appliances and industrial machinery in particular present significant remanufacturing opportunities.</p>

Economic Opportunities in Numbers

Cities	Health and well-being
 <p>Affordable housing (US\$650 billion to US\$1,080 billion)</p> <ul style="list-style-type: none"> - As well as construction spending to add capacity and replace inadequate housing, innovation is required to unlock new land and make better use of space for development. 	 <p>Risk pooling (US\$350 billion to US\$500 billion)</p> <ul style="list-style-type: none"> - Increasing the penetration of private, public-private, and community insurance schemes could address disproportionately high health costs.
 <p>Energy efficiency in buildings (\$555 billion to US\$770 billion)</p> <ul style="list-style-type: none"> - Innovations such as retrofitting existing buildings with more efficient heating/cooling technologies and switching to efficient lighting/appliances could shrink energy demand. 	 <p>Remote patient monitoring (US\$300 billion to US\$440 billion)</p> <ul style="list-style-type: none"> - Emerging technologies that enable remote monitoring of patients could reduce the cost of treating chronic diseases in health systems by 10%-20% by 2025.
	 <p>Telehealth (US\$130 billion to US\$320 billion)</p> <ul style="list-style-type: none"> - Mobile internet technologies could extend access for consultations and diagnosis to remote patients around the world.

GRI Numbers 2020-2021

<p>Number of companies starting their support of the goals</p>	<p>83%</p>	<p>The vast majority of businesses in the research group support the Goals. Companies in this study recognize the value of aligning their sustainability plans with the SDGs.</p>
<p>3 most common Goals:</p>	  	<p>The most common Goals supported by companies mirror the priorities of previous research by Support the Goals, and are SDGs 8,12,13.</p>
<p>3 least common Goals:</p>	  	<p>Goal 2: Zero Hunger is consistently the least reported across research conducted by Support the Goals. However, the support for SDGs 1 and 14 varies among research, and they are not always with in the 2 least common Goals.</p>
<p>Companies that state which Goals are most relevant to their business</p>	<p>69%</p>	<p>The majority of the research group has taken time to understand which goals are most relevant to their business.</p>
<p>Companies that make measurable commitments to the Goals</p>	<p>40%</p>	<p>Nearly half of the assessed businesses make measurable commitments towards the SDGs. While there is room for improvement, this is a promising figure.</p>



U.N. Global Compact

United Nations Global Compact

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21,218
PARTICIPANTS

162
COUNTRIES

95,581
PUBLIC REPORTS

STRATEGY WITH SOLUTION.

PARTNERSHIP WITH A PURPOSE.



Aligning the SDGs with 5P Principles

5P Principles		SECTOR						
PEOPLE	End poverty and hunger, and ensure dignity and equality. and in a healthy environment.	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	Social
PROSPERITY	Ensure prosperous and fulfilling lives in harmony with nature	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES			Economic
PLANET	Protect the planet and natural resources and climate	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND		Environment
PEACE	Foster peaceful and inclusive society	16 PEACE, JUSTICE AND STRONG INSTITUTIONS						Fostering peace and partnerships
PARTNERSHIP	Implement the agenda through a global partnership	17 PARTNERSHIPS FOR THE GOALS						

Aligning the SDGs with ESG

ENVIRONMENT



SOCIAL



GOVERNANCE



Aligning Frameworks with the SDGs



Economic, Social, Environmental	Investor and Financial Risk	Climate Change, Forests, & Water Risk	Environmental Management Systems
Aligns with many SDGs	Aligns with some SDGs and SDG risk reduction framework	Aligns with SDG 6,13,14,15	Aligns with SDG 6,12,13,14,15

Resources – SDG Connector



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INTRODUCING

SDG Connector

Welcome to the Blackbaud Institute SDG Connector: your guide to the Sustainable Development Goals (SDGs) and how your organization plays a role.

<https://institute.blackbaud.com/resources/>

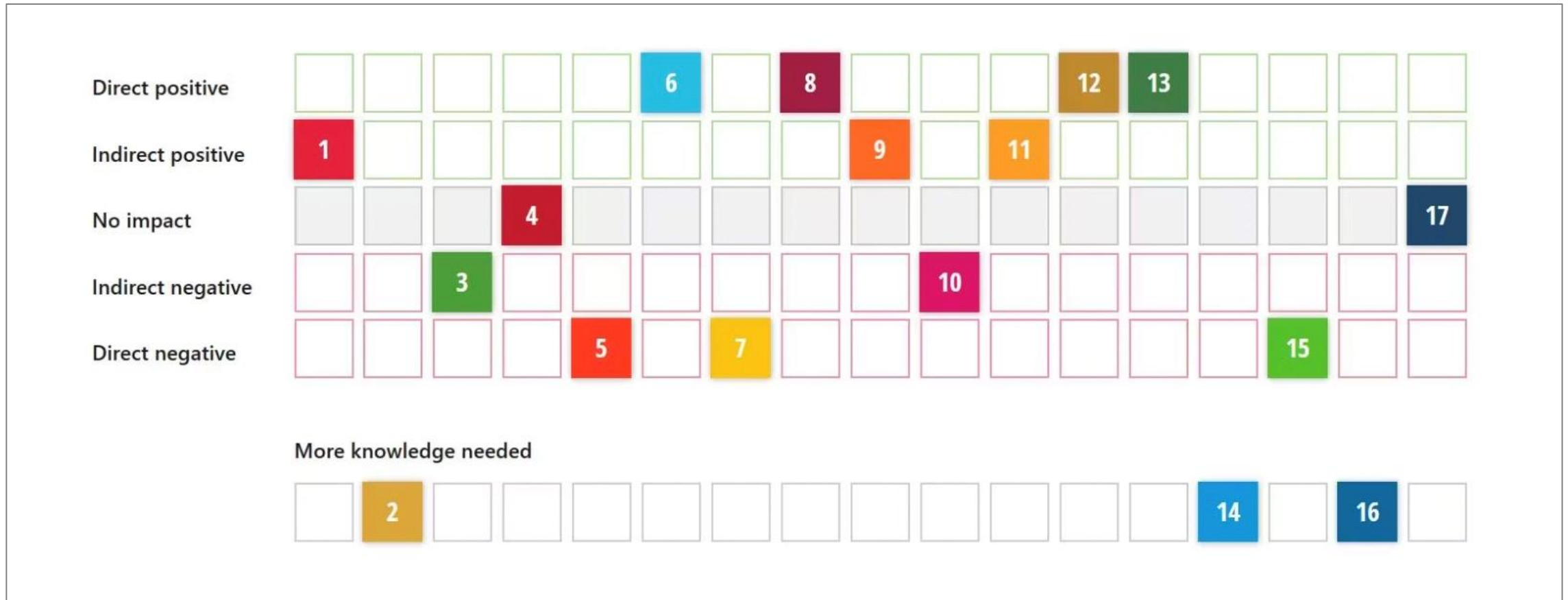
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Creating SDG Reports

SDG Impact Assessment Tool



<https://sdgimpactassessmenttool.org/en-gb/articles/instructions>

Visualizing Collective Impact and Areas for Improvement

Company/Division	76%	24%	29%	55%	34%	39%	39%	55%	37%	55%	37%	55%	68%	76%	24%	29%	29%	37%
	Dark Blue		Gold	Green			Light Blue					Orange	Brown	Dark Green				
	Dark Blue	Red		Green	Red	Red	Light Blue	Yellow	Dark Red	Orange	Pink	Orange	Brown	Dark Green	Light Blue	Light Green	Dark Blue	Dark Blue
	Dark Blue			Green	Red		Light Blue	Yellow		Orange	Pink		Brown	Dark Green				
	Dark Blue			Green		Red	Light Blue	Yellow		Orange		Orange	Brown	Dark Green				Dark Blue
	Dark Blue		Gold	Green	Red			Yellow		Orange		Orange	Brown	Dark Green				
	Dark Blue	Red	Gold	Green	Red	Red	Light Blue	Yellow	Dark Red	Orange	Pink	Orange	Brown	Dark Green	Light Blue	Light Green	Dark Blue	Dark Blue
	Dark Blue			Green					Dark Red	Orange		Orange	Brown	Dark Green				
	Grey		Gold			Red		Yellow	Dark Red			Orange	Brown	Dark Green	Light Blue	Light Green		
	Grey			Green			Light Blue					Orange	Brown	Dark Green		Light Green	Dark Blue	
	Grey							Yellow	Dark Red			Orange	Brown	Dark Green				

STRATEGY WITH SOLUTION.

PARTNERSHIP WITH A PURPOSE.



SDGs – Top Business Impacts by Industry

Chemicals	Communication	Energy, Utilities and Mining	Engineering and Construction	Financial Services	Health Care	Manufacturing	Professional Services	Retail and Consumer	Technology
13 CLIMATE ACTION	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	7 AFFORDABLE AND CLEAN ENERGY	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	8 DECENT WORK AND ECONOMIC GROWTH	3 GOOD HEALTH AND WELL-BEING	8 DECENT WORK AND ECONOMIC GROWTH	8 DECENT WORK AND ECONOMIC GROWTH	8 DECENT WORK AND ECONOMIC GROWTH	8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	8 DECENT WORK AND ECONOMIC GROWTH	8 DECENT WORK AND ECONOMIC GROWTH	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	8 DECENT WORK AND ECONOMIC GROWTH	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	4 QUALITY EDUCATION	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION
2 ZERO HUNGER	4 QUALITY EDUCATION	13 CLIMATE ACTION	13 CLIMATE ACTION	5 GENDER EQUALITY	5 GENDER EQUALITY	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	5 GENDER EQUALITY	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
3 GOOD HEALTH AND WELL-BEING	3 GOOD HEALTH AND WELL-BEING	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION	4 QUALITY EDUCATION	13 CLIMATE ACTION	3 GOOD HEALTH AND WELL-BEING	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING
6 CLEAN WATER AND SANITATION	13 CLIMATE ACTION	6 CLEAN WATER AND SANITATION	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	4 QUALITY EDUCATION	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	7 AFFORDABLE AND CLEAN ENERGY	13 CLIMATE ACTION	13 CLIMATE ACTION	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Source: PwC SDG Engagement Survey, 2015



The Value of the SDGs

- ❑ Recognizing tomorrow's opportunities
- ❑ Workforce pipeline and retention
- ❑ Partnership, Collaboration, Synergies
- ❑ Team building around common metrics of success
- ❑ Reputation
- ❑ Telling your story in a framework that connects you to others
- ❑ Communication to stakeholders/shareholders
- ❑ Internal Strategic Planning
- ❑ Goal and target setting
- ❑ Resource allocation
- ❑ Aligning with a global and local purpose
- ❑ External Reporting
- ❑ Accountability to Stakeholders
- ❑ Transparency on program outcomes
- ❑ Collective Impact



Resources - U.N. Global Compact

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Making Global Goals Local Business

The multi-year strategy of the UN Global Compact is to drive business awareness and action in support of achieving the Sustainable Development Goals by 2030

SDGS EXPLAINED FOR BUSINESS

1 NO POVERTY
2 ZERO HUNGER
5 GENDER EQUALITY
13 CLIMATE ACTION
16 PEACE AND JUSTICE STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

Questions or Comments?

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